Statement from the Remuneration Committee Chairman

"Remuneration decisions during 2021 recognise the strong underlying performance of the business in the context of the successful acquisition of CCL and ongoing impact of COVID-19."

Christine Cross, Chairman of the Remuneration Committee

Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for CCEP (the Group) for the year ended 31 December 2021. This includes a summary of our remuneration policy (page 94) which was approved by over 99% of our shareholders at the 2020 AGM and our Annual report on remuneration (ARR), which sets out how we implemented the policy during 2021 and how we intend to do so in 2022. This will be subject to an advisory vote at our 2022 AGM.

Continued resilience in the face of COVID-19 and the ongoing successful integration of Coca-Cola Amatil (CCL)

2021 has again been a remarkable year for CCEP. While continuing to navigate the COVID-19 pandemic, our business has demonstrated great resilience and an ability to operate with agility in a rapidly changing environment, while also completing in May 2021 the acquisition of CCL and becoming Coca-Cola Europacific Partners – solidify our position as the largest Coca-Cola bottler by revenue and creating a platform for accelerated growth and returns.

Throughout this we have continued to prioritise the wellbeing and safety of our people and the continuity of service to our customers. To build on the engagement of our people, we have introduced platforms across our geographies to enable them to connect with our leadership. We again implemented salary increases for the vast majority of our employees in 2021. Incentive schemes for front line workers remained in place and continued to pay out.

In addition, to recognise the continued engagement and commitment of our people during these challenging times, in December 2021 we made a one-off extraordinary COVID-19 recognition payment to three quarters of our employees across the business. In our developed markets, the value of this payment was c.€500 per employee. Senior levels of management did not receive this payment, but continued to be recognised through the strong performance of the 2021 Annual Bonus plan.

In respect of business performance, despite the ongoing impact of COVID-19 we delivered resilient and strong performance, which is reflected in our financial and sustainability performance indicators.

*See our Performance indicators on **pages 2–3***

As highlighted by our CEO in this report, CCEP's performance in 2021 demonstrated solid top line recovery, value share gains, operating margin expansion and remarkable free cash flow generation, solidifying our FY21 position as the largest FMCG value creator. In 2021, we created over €13 billion in value for our retail customers, while continuing to make progress on our ambition to reach net zero emissions by 2040, reinforced by the sustainability metric introduced into our Long-term Incentive Plan in 2020.

Remuneration outcomes for 2021

Annual Bonus

Following the completion of the acquisition of CCL in May, the Committee considered it appropriate that the incentive targets for the annual bonus should be reflective of the ambitions of the combined business. This ensured that management were incentivised on delivering performance for the overall Group for the remainder of the year. The annual performance targets were therefore adjusted to reflect the annual business plan of the combined business and were set in a manner so that the revised targets were no easier or harder to achieve than the original targets set.

The strong overall business performance outlined above has been reflected through the annual bonus with performance against all three financial metrics being above target. Comparable operating profit and revenue increased year on year by 49% and 30% respectively and the maximum target for Operating Free Cash flow was exceeded. This has resulted in an overall Business Performance Factor (BPF) of 168% of target being achieved. The strong business performance is also a reflection of the exceptional leadership of Damian Gammell throughout 2021 which resulted in a maximum Individual Performance Factor (IPF) of 1.2x being awarded to him. The final bonus payment to the CEO was 84% of maximum. Further details are provided on pages 96–97 of the ARR.

2019 Long-Term Incentive Plan

The 2019 LTIP award, granted in March 2019, was subject to EPS and ROIC performance targets over the three year period to 31 December 2021. Around 240 senior executives and management participated in the scheme, including the CEO.

Based on the performance delivered by the business in 2019 prior to the impact of COVID-19 in 2020, the award was on track to vest. However, due to the effects of the global pandemic the original stretching performance targets could no longer be met over the full three year period and the formulaic result was zero vesting.

For the Remuneration Committee, a critical objective continues to be to ensure that remuneration outcomes for our people continue to reflect our underlying philosophy of delivering outcomes which align with business performance (in the context of COVID-19) and appropriately reflect the experiences of shareholders and wider stakeholders, while also continuing to act as an incentive to engage our people to deliver the best possible results.

Statement from the Remuneration Committee Chairman

CONTINUED

All of our incentive schemes utilise stretching performance targets, set at the start of the relevant period and are designed to drive performance in the context of prevailing expectations for the business. At the same time, in line with best practice, our schemes all include discretionary provisions which allow the Committee to adjust the formulaic result to ensure that the outcome delivered to participants is a fair and appropriate reflection of performance over the period.

The Committee has used these discretionary provisions to reduce incentive outcomes below the formulaic result in two of the four financial years since CCEP's listing, and to increase incentive outcomes only once (under the 2018 LTIP, as reported last year, to fairly reward performance through the global pandemic).

In respect of the 2019 LTIP, the Committee has again exercised discretion to ensure the outcome provided a fairer reflection of performance delivered. This required an upward adjustment to the formulaic outcomes. Given the strong overall performance during the performance period and the unanticipated impact of the pandemic being largely outside management's control, and following a consistent approach to assessing performance in the prior LTIP performance period, the Committee decided to undertake a holistic assessment of overall performance over the three year period to determine an appropriate vesting level for all participants. The Committee took into account a wide range of performance reference points including financial performance, returns to shareholders, the stakeholder experience, and our sustainability achievements (as disclosed in detail on page 99 of the ARR). Taking into account the overall performance of the business over the three year performance period, and the growth and delivery of the business as we enter 2022 including share price performance and the delivery of a record dividend over the period, the Committee exercised discretion to determine a final vesting level below target of 45% of maximum. The Committee concluded that this fairly reflected overall performance over the three year period and recognised the challenges to performance presented by the global pandemic in 2020. This outcome was applied consistently to all 240 participants, including the CEO.

While the Committee believes this is the right thing to do in respect of the participants of these incentive programmes, we recognise it is relatively unusual and have therefore set out our thinking in detail on pages 98–99 of the ARR. This fulsome disclosure also reflects the feedback we received from shareholders and proxy advisors we consulted in 2021 on the principle of applying discretion to these incentive outcomes.

Amatil acquisition

As a result of the acquisition of CCL, during 2021 the Committee made a number of adjustments to our incentive awards:

2020-22 Long-Term Incentive Plan (LTIP): revised financial targets were set following the acquisition of CCL to be aligned with the long-term business plan for the combined business and to take into account external forecasts and changes to the wider macroeconomic environment since the targets were set. Further details are provided on page 100 of the ARR.

2021-23 LTIP: awards were delayed from March until September 2021 to enable targets to be set for the combined business. Targets were set at stretching levels and on the same basis as in prior years, taking into account both our long-term plan and external forecasts.

Implementation of remuneration policy in 2022

Despite the continuing challenges of COVID-19 we consider that our overall remuneration framework remains fit for purpose and will implement our remuneration policy broadly unchanged for 2022 (see page 105 for further details), with appropriate integration for our colleagues across our Australia, Pacific and Indonesia (API) business.

The Committee has approved a 3.25% salary increase for Damian Gammell, effective 1 April 2022, in line with the merit increase for the wider UK workforce.

The structure of the 2022 annual bonus will be unchanged from last year, with the business performance element being based on stretching performance targets for operating profit, revenue, and operating cash flow. For Damian Gammell, his individual element will be assessed against a number of areas of focus which are aligned to the key longer-term objectives of the business, which include: Platform for Growth; Future-ready Culture; Green and Stakeholder Focused Future; and API Integration. See page 105 of the ARR for further detail.

The 2022 LTIP award will continue to be based on a mix of EPS, ROIC, and CO_2 reduction, unchanged from last year. Given the significant market uncertainty caused by the current geopolitical situation, the Committee determined that it would be appropriate to delay setting the targets for this award until later in the year. It is the current intention that the targets will be confirmed within the next six months and disclosed at that point (as well as in next year's remuneration report).

Looking ahead

At our 2023 AGM we will be seeking shareholder support for our next Remuneration Policy. I look forward to engaging with our major shareholders on our proposals during the course of this year.

We recognise that the circumstances of the CCL acquisition and the global pandemic has again resulted in a number of important decisions in respect of our incentives this year and we therefore again will proactively engage with major shareholders in advance of the AGM. We believe the decisions are fair and the right ones for both management and shareholders but always welcome feedback and hope we can rely on your support at our forthcoming AGM.

Christine Cross, Chairman of the Remuneration Committee
15 March 2022

Overview of remuneration policy

Governance framework

Our remuneration policy was approved by over 99% of our shareholders and is based on the following principles:

Key principle	Application to policy	Current implementation
Focused on delivering our business strategy	Annual bonus and LTIP measures aligned to the KPIs of the business	**Annual bonus metrics**: Operating profit 50%; Revenue 30%; Operating free cash flow 20% **LTIP metrics**: EPS 42.5%; ROIC 42.5%; CO_2e 15% See ARR for definitions
Simple, transparent and aligning the interests of management and shareholders	– Only two simple incentive plans operated – Strong focus on pay for performance – Majority of remuneration package delivered in shares – Significant shareholding requirement of three times salary – CEO pension aligned to wider workforce	**CEO pay mix linked to performance at target** 22% Fixed pay; 29% Annual bonus; 49% LTIP
Able to be cascaded through the organisation and applicable to the wider workforce	The same remuneration framework is applied to all members of the ELT (but with lower incentive levels)	Fixed pay + Annual bonus + LTIP
Variable remuneration should be performance related against stretching targets	Targets are set at stretching levels in the context of the business plan and external forecasts	– Target performance linked to business plan – Maximum payout requires performance significantly above plan

Summary of remuneration policy table

Fixed pay

Key features

Base salary

Annual increases will normally take into account business performance and increases awarded to the general workforce

Benefits

A range of benefits may be provided in line with market practice

Pension

- Can participate in the UK pension plan or receive a cash allowance on the same basis as all other employees
- Maximum employer contribution is £30k

Link to strategy

Supports recruitment and retention of Executive Directors of the calibre required for the long-term success of the business

Annual bonus

Key features

- Target bonus opportunity is 150% of salary
- Bonus calculated by multiplying the target bonus by a Business Performance Factor (BPF) (0-200%) and an Individual Performance Factor (IPF) (0-120%)
- Business and individual performance targets are set in the context of the strategic plan
- Malus and clawback provisions may apply to awards
- Discretion to adjust the formulaic outcome up or down taking into account all relevant factors

Link to strategy

- Incentivises delivery of the business plan on an annual basis
- Rewards performance against key indicators which are critical to the delivery of the strategy

LTIP

Key features

- Based on performance measures aligned to the strategic plan and measured over at least three financial years
- Target LTIP award is 250% of salary (500% of salary maximum)
- Malus and clawback provisions may apply to awards
- Two year holding period applied after vesting
- Discretion to adjust the formulaic vesting outcome up or down taking into account all relevant factors

Link to strategy

- Focused on delivery of Group performance over the long term
- Delivered in shares to provide alignment with shareholders' interests

*A full copy of the Remuneration policy can be found on **pages 89–96** of the 2019 integrated report, in the reports & results section of the investor section of our website at **www.cocacolaep.com/investors***

Remuneration at a glance

Overview of 2021 remuneration performance

CCEP share price (US$)

Annual bonus KPIs

Operating profit 1.68x

Operating free cash flow 2.00x

Revenue 1.47x

Bonus pay out = 84% of maximum (including IPF of 1.20x)

Reported long-term KPIs

Comparable EPS

2019	2.53
2020	1.80
2021	2.83

ROIC

2019	10.3%
2020	7.6%
2021	9.2%

2021 CEO single figure

Fixed pay	Annual bonus	LTIP
£1.3m (17%)	£3.6m (47%)	£2.8m (36%)

- Fixed pay
- Annual bonus
- LTIP

2021 Total value
£7.7m

CEO shareholding

As at 31/12/2021 1,113% of salary

Target 300% of salary

- Current shareholding
- Shareholding requirement by 31/12/2022

*Read more in the Annual report on remuneration from **page 96***

Overview of 2022 CEO remuneration framework

Fixed pay + **Annual bonus** + **LTIP**

Fixed pay

Base salary

3.25% increase for 2022

£1.22m

Benefits

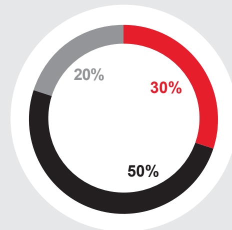
- Car allowance
- Private medical
- School fees
- Financial planning

Pension

Cash in lieu aligned to wider workforce

£26k

Annual bonus



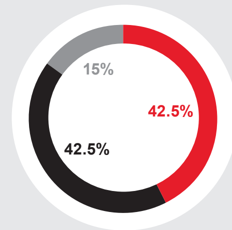
- Revenue
- Operating profit
- Operating free cash flow

0x–1.2x
Individual multiplier

Target	Maximum
150%	360%

- Target
- Maximum

LTIP



- ROIC
- EPS
- Reduction in CO_2e

Target	Maximum
250%	500%

- Target
- Maximum

*Read more in the Annual report on remuneration from **page 105***

All references to revenue, operating profit, operating free cash flow, EPS and ROIC targets refer to those measures that are defined within the ARR

Annual report on remuneration

Remuneration outcomes for 2021

The following pages set out details of the remuneration received by Directors for the financial year ending 31 December 2021. Prior year figures have also been shown. Audited sections of the report have been identified.

The Directors' remuneration in 2021 was awarded in line with the Remuneration Policy which was approved by shareholders at the AGM in May 2020.

Single figure table for Executive Directors (audited)

Individual	Year	Salary (£000)	Taxable benefits (£000)	Pension (£000)	Fixed pay (£000)	Annual bonus (£000)	Long-term incentives (£000)	Variable remuneration (£000)	Total remuneration (£000)
Damian Gammell	2021	1,179	134	26	1,339	3,567	2,766(A)	6,333	7,672
	2020	1,174	134	26	1,334	1,490	2,689(B)	4,179	5,513(C)

(A) Value based on share price and exchange rate on vest date of 1 March 2022 of $48.47 (£36.39) and includes £211,000 cash payment in respect of dividend equivalents to be paid on the vested Shares. Around €43,000 of the vest value is attributable to share price appreciation.
(B) Restated from £2,242,000 in last year's single figure table to reflect actual share price on vesting date of $54.31 (£39.01) on 12 March 2021 (as 13 March 2021 was a non-trading day) applied to 64,970 vested Shares and £155,000 cash payment in respect of dividend equivalents paid on the vested Shares.
(C) Restated in line with the actual vest date value of long-term incentives, as explained in (B) above.

Notes to the single figure table for Executive Directors (audited)

Base salary

Damian Gammell did not receive a salary increase in 2021 and his base salary remained at £1,178,787. The average increase provided to the wider UK workforce was 3.2%.

Taxable benefits

During the year, Damian Gammell received the following main benefits: car allowance (£14,000), financial planning allowance (£10,000), schooling allowance (£75,000 net) and family private medical coverage (£8,000).

Pension

The pension provisions that apply to Damian Gammell are aligned to all other GB employees. Damian Gammell elected to receive a cash allowance in lieu of participation in the pension scheme. This equates to a payment of £30,000 from CCEP inclusive of employer National Insurance contributions (i.e. the actual benefit received by Damian is less than £30,000 per year).

Annual bonus

Overview of CCEP's annual bonus design

The 2021 CCEP annual bonus plan was designed to incentivise the delivery of the business strategy and comprised the following elements:

Business Performance Factor (BPF) – provides alignment with our core objectives to deliver strong financial performance against our main financial performance indicators of operating profit (50%), revenue (30%) and operating free cash flow (20%).

The 2021 annual bonus targets were adjusted after the acquisition of CCL to reflect the annual business plan of the combined business. The Committee is satisfied that the revised targets were no easier or harder to achieve than the original targets set.

*Refer to **page 105** for definitions*

Individual Performance Factor (IPF) – individual objectives were also set for Damian Gammell focused on a number of areas which are aligned to key longer-term strategic objectives of the business.

In line with the remuneration policy, Damian Gammell had a target bonus opportunity of 150% of salary. Actual payments range from zero to a maximum of 360% of salary depending on the extent to which business and individual performance measures were achieved.

Target bonus (150% of base salary) X BPF (0x to 2.0x) X IPF (0x to 1.2x) = Final bonus outcome (0% to 360% of base salary)

Annual report on remuneration

CONTINUED

2021 annual bonus outcome – BPF

Financial performance in 2021 has been strong, with performance for all three financial measures being above target.

		Performance targets			Performance outcomes	
Measure	Weighting	Threshold (0.25x multiplier)	Target (1x multiplier)	Maximum (2x multiplier)	Actual outcome	Multiplier achieved
Operating profit	50%	€1,567m	€1,803m	€1,983m	€1,926m	1.68x
Revenue	30%	€13,913m	€14,685m	€15,200m	€14,924m	1.47x
Operating free cash flow	20%	€1,386m	€1,595m	€1,754m	€1,953m	2.00x
Total	100%					1.68x

2021 annual bonus outcome – IPF

To determine an appropriate IPF, the Chairman of the Board assesses Damian Gammell's performance against the individual performance objectives that were set at the start of the year. The outcome is then discussed with and recommended by the Committee for final approval by the Board.

Damian once again provided exceptional leadership of the business during 2021 within a very challenging external environment. He delivered strongly against his individual objectives, outlined below, and the Board determined that his IPF should be set at 1.2x for the year.

Further details of some of the specific objectives achieved are included in the table below:

Area of focus	Performance delivered
Continue to build a Platform for growth for CCEP	– Acquisition of CCL completed in line with expectations, with day one readiness plan and second half business plan – Three year strategic plan for the combined business developed and implemented – NARTD value share growth to ahead of FY 2019 levels – Topo Chico launched in six markets, with top two value share for hard seltzer brands in Europe – Implementation of hot beverages strategy and long-range plan for Costa Coffee, active in four markets
Continue to develop our Future-ready culture	– Engagement and well-being of workforce protected with improved engagement and wellbeing scores delivered above benchmark – Achieved senior management gender ratio for 2021 ahead of target to reach 2025 goal – Operating framework amended to incorporate our API markets, country operating units and alignment of functions – New COVID-19 hybrid framework established in each country in line with recommendations of local authorities. Clear decisions and guidelines communicated CCEP-wide for travel and ways of working, including flexible working transition plans
Stakeholders and Green future	– Improvement in customer engagement across externally benchmarked overall, sustainability and e-commerce measures – Delivered 53% rPET content, significantly outperforming the 50% target – 38.9% GHG reduction across our value chain since 2010 and 12.4% since 2019
Our Digital future	– Roll out of our customer portal, My.CCEP.com completed across Europe, with a record year delivering €1.1 billion in revenue, around 20% of our away from home business – Roll out of BPT plans to replace legacy systems completed – New digital platforms trialled though CCEP Ventures. Our partner StarStock launched an online marketplace in GB, and we launched Wabi, a B2B eco-system platform in Portugal, in partnership with The Coca-Cola Company
Accelerate Competitiveness	– Multi year efficiency savings and combination benefits programme equating to €350 to €395 million in total and remain on track. We have so far delivered approximately 65% of these commitments in line with previously guided timings and values

2021 annual bonus outcome – calculation

Based on the level of performance achieved, as set out above this resulted in a bonus payment to Damian Gammell as follows:

Target bonus (150% of base salary) X BPF (1.68x) X IPF (1.20x) = Final bonus outcome (303% of salary)

Annual report on remuneration
CONTINUED

Long-term incentives
Awards vesting for performance in respect of 2021
The 2019 LTIP award was subject to EPS and ROIC performance targets measured over the three year performance period from 1 January 2019 to 31 December 2021.

		Performance targets		
Measure	Weighting	Threshold (25% vesting)	Target (100% vesting)	Maximum (200% vesting)
EPS	50%	5.7% p.a.	11.0% p.a.	15.5% p.a.
ROIC	50%	10.9%	12.4%	13.9%

Despite solid performance in 2019 and a strong recovery during 2020 and 2021, the significant impact of COVID-19 has resulted in the threshold targets for the LTIP not being met. In line with good practice, however, the Committee undertook a holistic assessment of performance over the full three year performance period to consider the extent to which any discretion should be exercised in respect of the final vesting level for all LTIP participants, including the CEO.

The factors considered included:

- Overall business performance
- The shareholder experience of the performance period
- The successful acquisition and integration of CCL
- The wider workforce and other stakeholders experience over the performance period
- The continued focus and delivery of our sustainability agenda

Based on this analysis, which is set out in detail below, the Committee considered it appropriate to exercise discretion in respect of the LTIP vesting level to recognise the strong overall performance of the management team over the period, despite the significant challenges being faced as a result of the COVID-19 pandemic which were outside management's control. Taking all these factors into account a below target vesting level of 45% of maximum was determined, which will apply to all participants, including the CEO.

Annual report on remuneration

CONTINUED

The Committee took into account a wide range of factors of performance across the full performance period, which included:

Overall business performance

– Solid EPS and ROIC performance in 2019: pay out tracking at 79% of target vs the original performance targets
– NARTD value share continued to grow over the performance period:

2019 = +110 bps	2020 = +40 bps	2021 = +40 bps

– Largest FMCG value creator in Europe[(A)] – created over €490 million of value in 2021 for our customers (€606 million including in our API markets, and over €1,524 million across the three year performance period), by focusing on core brands, in-market execution and revenue growth management initiatives
– We committed to rebasing our cost base vs prepandemic levels. As a percent of revenue, our comparable operating expenses are lower now (FY21; 25%), not only compared to last year (FY20; 26%), but more importantly compared to 2019 (FY19; 26%)
– Strong free cash flow generation over the period of €3.5 billion ahead of our annual medium term objective of €1 billion per year pre transaction, and €1.25 billion post transaction

(A) NielsenIQ Strategic Planner FY21 Data to 2 January 2022 (based on ES, DE, GB, FR, BE, NL SE, PT & NO).

Shareholder experience

– Strong returns for shareholders: 42% TSR growth over the three year period, which was between median and upper quartile performance vs FMCG peers and out-performed both the FTSE 100 (10%) and Euronext 100 (32%)
– Share price performance: Highest share price in history of company of $62.64 achieved during the last year of the performance period
– Continuity and growth of dividends: FY21 dividend per share of €1.40 (+13.0% vs 2019), and cumulative dividends of €3.49 over the period, maintaining an annualised dividend pay out ratio of approximately 50%
– Significant value delivered to shareholders: Total of over $2.7 billion of value being delivered to shareholders during the three year performance period (€1.6 billion in dividends and €1.1 billion in share buybacks)

Successful acquisition and integration of CCL

– Completed acquisition of CCL in May 2021 to become a truly global bottler and solidify our position as the largest Coca-Cola bottler in the world
– Value creating: provides platform for accelerated growth and returns and is immediately EPS accretive
– Higher free cash flow generation, increasing mid-term annual objective to €1.25 billion per annum (previous target €1 billion)
– Further strengthens our relationship with TCCC and enhances our position for continued future expansion
– API integration progressing very well; reorienting the portfolio to maximise system value creation to enable greater focus on NARTD, RTD alcohol & Spirits

CCEP's focus on long-term value creation and innovation positions sustainability at the heart of everything we do

Over the 2019 LTIP performance period we delivered:

– Reduction in lost time incident rate:

2018 = 1.14	2021 = 1.11

– 38.9% GHG reduction across our value chain since 2010 and 12.4% since 2019
– Reduction in water used ratio 2018-2021 from 1.61 to 1.58 (Europe)
– 53% of the PET used to make our PET bottles in 2021 was rPET (vs 27.6% in 2018), achieving 2023 target two years early

Wider Workforce and other stakeholder experiences

Safety and wellbeing of all our employees: Throughout the pandemic to date, which covers two-thirds of the performance period, our primary focus was on the safety and wellbeing of our colleagues. We provided extensive emotional and mental wellbeing support including a Coronavirus support hub, an expanded Employee Assistance Programme, and a significant mental health first aider programme to provide ongoing support to all employees.

Limited financial impact on all employees:

– Incentive schemes for front line workers continued to operate and pay out during the pandemic
– Revised annual bonus plan for all eligible employees in 2020 to reward for strong recovery from initial impact of COVID-19 in H2 of 2020
– Limited use of Government support schemes
– Salary increases for employees in 2020 and for over 75% of employees in 2021. All LTIP participants received a salary freeze in 2021
– One-off extraordinary COVID-19 recognition payment to around three quarters of our employees
– All-employee share plan developed for launch across our markets in H1 2022

Focus on our communities: In our communities in 2021, more than 58,000 people benefitted in Europe from our community partnerships and programmes across our territories, with 17,102 staff volunteered hours (in Europe) and a total of €10.92 million in community investment (Europe and API). In respect of Chaudfontaine, together with The Coca-Cola Foundation we donated €1 million to support the local community, including €250,000 to the Belgian Red Cross to provide hot meals to flood victims and together with TCCC we ran an on pack marketing campaign via our Chaudfontaine brand which included a €750,000 donation to help rebuild two schools.

Focus on our customers: We have continued to provide support related to COVID-19 across our territories, and we have an unrivalled customer coverage with whom we jointly create value, with more than €1.5 billion added to the FMCG industry since 2019[(A)].

Annual report on remuneration

CONTINUED

Awards granted in 2021

A conditional award of performance share units (PSUs) was granted under the CCEP LTIP to Damian Gammell on 29 September 2021, with a target value of 250% of salary in line with the Remuneration Policy. The performance measures were unchanged from the prior year and continued to align with the long-term strategy – EPS, ROIC and CO_2e reduction. As explained in last year's report, the grant of the 2021 LTIP award was delayed from March until September 2021 to enable long-term EPS/ROIC targets to be set for the combined business, including CCL. Targets were set at stretching levels and on the same basis as in prior years, taking into account both our long-term plan and external forecasts.

Further details are set out below:

Individual	Date of award	Maximum number of Shares under award	Target number of Shares under award(A)	Closing Share price at date of award	Face value	Performance period	Normal vesting date
Damian Gammell	29/09/2021	149,406	74,703	$55.31	$8,263,646	1 Jan 2021 – 31 Dec 2023	15/03/2024

(A) Number of Shares awarded calculated using 10-day average share price to the normal grant date (15 March 2021) of $52.83.

The vesting of awards is subject to the achievement of the following performance targets:

Measure	Definition	Weighting	Vesting level(D) (% of target) 25%	100%	200%
EPS(A)	EPS achieved in the final year of the performance period (FY 2023)	42.5%	€3.04	€3.41	€3.67
ROIC(B)	ROIC achieved in the final year of the performance period (FY 2023)	42.5%	8.3%	9.2%	9.9%
CO_2e reduction(C)	Relative reduction in total value chain GHG emissions since 2020 (gCO_2e/litre)	15%	6.0% per litre	8.0% per litre	10.0% per litre

(A) Comparable and on a tax and currency neutral basis, adjusted for brand sales and material non-cash equity accounting adjustments. Should there be share repurchases during the performance period, an adjustment will be made to neutralise for the impact of share repurchases and will be fully disclosed at the time of vesting.
(B) ROIC calculated as comparable operating profit after tax attributable to shareholders, on a tax and currency neutral basis, divided by the average of opening and closing invested capital for the year, adjusted for brand sales and material non-cash equity accounting adjustments. Invested capital is calculated as the addition of borrowings and equity attributable to shareholders less cash and cash equivalents and short-term investments.
(C) Target based on entire value chain in Europe. The target will be adjusted to include our API markets once work is completed to amalgamate our calculations of GHG emissions across the entire business.
(D) Straight-line vesting between each vesting level (shown).

Any award vesting for the CEO will be subject to a two year holding period.

2020 LTIP award targets

The 2020 LTIP award was granted in March 2020 and has a performance period which covers the three financial years to 31 December 2022. As explained in last year's report, following the acquisition of CCL during 2021, the Committee reviewed the financial targets for this award in the context of the updated long-term business plan for the combined business and to take into account external forecasts and changes to the wider macroeconomic environment since the targets were set. The revised targets for this award are as follows:

Measure	Definition	Weighting	Vesting level(D) (% of target) 25%	100%	200%
EPS(A)	EPS achieved in the final year of the performance period (FY 2022)	42.5%	€2.96	€3.15	€3.34
ROIC(B)	ROIC achieved in the final year of the performance period (FY 2022)	42.5%	8.2%	8.6%	9.1%
CO_2e reduction(C)	Relative reduction in total value chain GHG emissions since 2019 (gCO_2e/litre)	15%	6.0% per litre	8.0% per litre	10.0% per litre

(A) Comparable and on a tax and currency neutral basis, adjusted for brand sales and material non-cash equity accounting adjustments. Should there be share repurchases during the performance period, an adjustment will be made to neutralise for the impact of share repurchases and will be fully disclosed at the time of vesting.
(B) ROIC calculated as comparable operating profit after tax attributable to shareholders, on a tax and currency neutral basis, divided by the average of opening and closing invested capital for the year, adjusted for brand sales and material non-cash equity accounting adjustments. Invested capital is calculated as the addition of borrowings and equity attributable to shareholders less cash and cash equivalents and short term investments.
(C) Target based on entire value chain in Europe.
(D) Straight-line vesting between each vesting level (shown).

Annual report on remuneration

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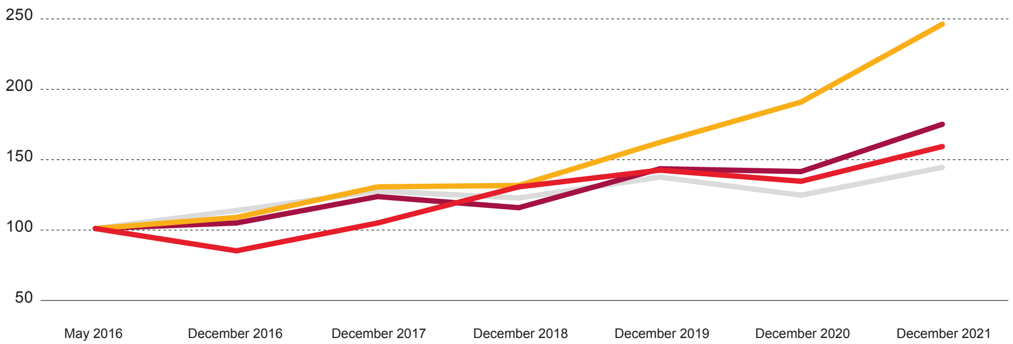
Historical TSR performance and CEO remuneration outcomes

The chart below compares the TSR performance of CCEP from Admission up until 31 December 2021 with the TSR of the Euronext 100, the FTSE 100 and the S&P 500. These indices have been chosen as recognised equity market indices of companies of a similar size, complexity and global reach as CCEP.

30 trading day average data: against S&P 500, Euronext 100 and FTSE 100



The following table summarises the historical CEO's single figure of total remuneration and annual bonus pay out as a percentage of the maximum opportunity over this period:

	2016(A) John Brock	2016(A) Damian Gammell	2017 Damian Gammell	2018 Damian Gammell	2019 Damian Gammell	2020 Damian Gammell	2021 Damian Gammell
CEO single figure of remuneration ('000)	$3,890	£27	£3,716	£3,821	£7,839	£5,513(B)	£7,672
Annual bonus pay out (as a % of maximum opportunity)	31.23%	40.6%	60.7%	63.1%	43.7%	35.3%	84.1%
LTI vesting (as a % of maximum opportunity)	N/A	N/A	N/A	N/A	59.0%	36.5%	45.0%

(A) The figures for 2016 are in respect of the period for which each individual served as CEO during the year. John Brock served as CEO from 29 May to 28 December 2016. Damian Gammell served as CEO from 29 December to 31 December 2016.
(B) Restated from last year's single figure to reflect the actual share price on vesting date for the 2018 LTIP.

Annual report on remuneration

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Percentage change in CEO and Director remuneration

The table below shows the percentage change in CEO and Director remuneration from 2020 to 2021 compared to the average percentage change in remuneration for all employees of the Parent Company, in line with the revised reporting regulations.

	2021			2020		
Comparator	Base salary/fee	Taxable benefits[F]	Annual bonus	Base salary/fee	Taxable benefits[F]	Annual bonus
CEO	0.4%[G]	0.0%	139.4%	2.0%	5.5%	(17.5)%
All employees	1.7%	1.1%	139.9%	2.7%	0.2%	(21.9)%
Other Directors						
Sol Daurella	0.0%	0.0%	n/a	0.5%	0.0%	n/a
Manolo Arroyo[A]	n/a	n/a	n/a	n/a	n/a	n/a
Jan Bennink	0.0%	100.0%	n/a	0.0%	(66.7%)	n/a
John Bryant[B]	n/a	n/a	n/a	n/a	n/a	n/a
José Ignacio Comenge Sánchez-Real	0.0%	300.0%	n/a	1.0%	(80.0%)	n/a
Christine Cross	0.0%	400.0%	n/a	(1.5%)	(75.0%)	n/a
Irial Finan[C]	(60.2%)	(100.0%)	n/a	0.0%	(62.5%)	n/a
Nathalie Gaveau	0.0%	0.0%	n/a	0.0%	(66.7%)	n/a
Álvaro Gómez-Trénor Aguilar	0.0%	100.0%	n/a	0.0%	(71.4%)	n/a
Thomas H. Johnson	0.0%	n/a	n/a	3.5%	(100.0%)	n/a
Dagmar Kollmann	0.0%	300.0%	n/a	71.2%	(83.3%)	n/a
Alfonso Líbano Daurella	0.0%	n/a	n/a	1.0%	(100.0%)	n/a
Mark Price	0.0%	0.0%	n/a	71.7%	(50.0%)	n/a
Mario Rotllant Solá	0.0%	300.0%	n/a	1.0%	(80.0%)	n/a
Brian Smith[D]	109.1%	n/a	n/a	n/a	n/a	n/a
Dessi Temperley[E]	69.0%	n/a	n/a	n/a	n/a	n/a
Garry Watts	0.0%	n/a	n/a	0.8%	(100.0%)	n/a

(A) Appointed to the Board on 26 May 2021.
(B) Appointed to the Board on 1 January 2021.
(C) Resigned from the Board on 26 May 2021.
(D) Appointed to the Board on 9 July 2020.
(E) Appointed to the Board on 27 May 2020.
(F) Reduction and increase in taxable benefits in 2020 and 2021, respectively, reflect the impact of travel restrictions.
(G) No increase was applied for 2021, but small increase reflects the 2020 salary increase applying only from 1 April 2020.

Relative importance of spend on pay

The table below shows a summary of distributions to shareholders by way of dividends and share buyback as well as total employee expenditure for 2020 and 2021, along with the percentage change of each.

	2021	2020	% change
Total employee expenditure	€2,016m	€1,655m	21.8%
Dividends	€638m	€386m	65.3%
Share buybacks[A]	–	€129m	(100%)

(A) Decrease in share buybacks reflects suspension of programme in March 2020 to keep CCEP well positioned and preserve maximum flexibility during the COVID-19 pandemic.

CEO pay ratio

The table below shows the ratio of the CEO's single figure of remuneration for 2021 to the 25th percentile, median and 75th percentile total remuneration of full time equivalent GB employees. The ratio is heavily influenced by the fact that the CEO participates in the LTIP. If the LTIP is excluded from the calculation then the median ratio would be 103:1. The main reason for the increase in the ratio from 2020 to 2021 is the CEO's higher bonus and LTIP value in 2021, and conversely for the change from 2019 to 2020.

Year	Method	25th percentile ratio[A]	Median ratio[B]	75th percentile ratio[C]
2021	Option B	221:1	162:1	92:1
2020[D]		175:1	105:1	83:1
2019		250:1	169:1	111:1

(A) The individual used in this calculation received total pay and benefits of £35,000 (of which £31,000 was salary).
(B) The individual used in this calculation received total pay and benefits of £47,000 (of which £37,000 was salary).
(C) The individual used in this calculation received total pay and benefits of £83,000 (of which £49,000 was salary).
(D) Figures updated to reflect final LTIP vesting value as disclosed in the single figure table.

The Committee has chosen Option B (hourly gender pay gap information as at 5 April 2021) to determine the ratios, as that data was already available and provides a clear methodology to calculate full time equivalent earnings. No component of pay and benefits has been omitted for the purposes of the calculations.

The Committee is satisfied that the individuals whose remuneration is used in the above calculations are reasonably representative of employees at the three percentile points, having also reviewed the remuneration for individuals immediately above and below each of these points and noted that the spread of ratios was acceptable. No adjustments were made to the three reference points selected.

Annual report on remuneration

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The Committee believes the median ratio is consistent with the pay and reward policies for CCEP's GB employees. CCEP is committed to offering an attractive package for all our employees. Salaries are set with reference to factors such as skills, experience and performance of the individual, as well as market competitiveness. All employees receive a wide range of employee benefits and a large number are eligible for an annual bonus. Our LTIP is designed to link remuneration to the delivery of long-term strategic objectives and therefore participation is typically offered to senior employees who have the ability to influence these outcomes. The 25th percentile, median and 75th percentile employees identified in the above calculation do not participate in the LTIP. As the CEO participates in the LTIP, the ratio will be influenced by vesting outcomes and will likely vary year on year.

Payments to past Directors (audited)

There were no payments to past Directors during the year.

Payments for loss of office (audited)

There were no payments for loss of office during the year.

Statement of Directors' share ownership and share interests (audited)

Interests of the CEO

The CEO is required to hold 300% of his base salary in Shares. The guideline is expected to be met within five years of appointment. Until the guideline is met, 50% of any vested Shares from incentive awards (after tax) must be retained. The guideline continues to apply for one year following termination of employment.

Share ownership requirements and the number of Shares held by Damian Gammell are set out in the table below.

	Interests in Shares at 31 December 2021	Interests in share incentive schemes subject to performance conditions at 31 December 2021[(A)(B)(C)]	Interests in share option schemes[(A)(B)]	Share ownership requirement as a % of salary	Share ownership as a % of salary achieved at 31 December 2021[(D)]	Shareholding guideline met
Damian Gammell[(E)]	317,346	461,678	324,643	300%	1,113%	✓

(A) For further details of these interests, please refer to footnote (C) of the outstanding awards table below.
(B) Do not count towards achievement of the share ownership guideline.
(C) The CEO has no interests in share incentive schemes not subject to performance conditions at 31 December 2021.
(D) The Remuneration Committee has simplified our share ownership policy to calculate shareholdings based on the prevailing share price and salary at 31 December 2021.
(E) Damian Gammell acquired a further 20,000 shares on 24 February 2022, and 70,204 shares vested under the 2019 LTIP on 1 March 2022.

Details of the CEO's share awards are set out in the table below.

Director and grant date	Form of award	Exercise price	Number of Shares subject to awards at 31 December 2020	Granted during the year	Vested during the year	Exercised during the year	Lapsed during the year	Number of Shares subject to awards at 31 December 2021	End of performance period	Vesting date
Damian Gammell[(A)]										
12.03.18	PSU[(B)]	N/A	178,000	–	64,970	N/A	113,030	–	31.12.20	13.03.21
01.03.19	PSU[(C)(D)]	N/A	156,008	–	–	N/A	–	156,008	31.12.21	01.03.22
17.03.20	PSU[(C)]	N/A	156,264	–	–	N/A	–	156,264	31.12.22	17.03.23
29.09.21	PSU[(C)]	N/A	–	149,406	–	N/A	–	149,406	31.12.23	15.03.24

(A) In addition, the CEO has 324,643 vested but unexercised options with an expiry date of 5 November 2025 and an exercise price of $39.00. No options were exercised by the CEO during the year.
(B) The performance condition was satisfied at 37% of maximum on 31 December 2020. Award vested on 13 March 2021.
(C) The number of Shares shown is the maximum number of Shares that may vest if the performance targets are met in full.
(D) The 2019 PSU awards vested at 45% of maximum (70,204 shares) on 1 March 2022.

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Interests of other Directors

The table below gives details of the Share interests of each NED either through direct ownership or connected persons.

	Interests in Shares at 31 December 2021
Sol Daurella(A)(B)	32,746,437
Manolo Arroyo	–
Jan Bennink(D)	43,850
John Bryant	3,340
José Ignacio Comenge Sánchez-Real(A)	7,834,271
Christine Cross	–
Irial Finan(C)	–
Nathalie Gaveau	–
Álvaro Gómez-Trénor Aguilar(A)	3,140,591
Thomas H. Johnson(E)	10,000
Dagmar Kollmann	–
Alfonso Líbano Daurella(A)	6,573,282
Mark Price	–
Mario Rotllant Solá	–
Brian Smith	–
Dessi Temperley	–
Garry Watts	10,000

(A) Shares held indirectly through Olive Partners. The number of Shares increased slightly during the year as a result of a reduction in Olive Partners' share capital.
(B) For the purposes of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), Sol Daurella (and her connected persons within the meaning of section 252 of the Companies Act) are deemed to be interested in the shares held by Olive by virtue of their indirect minority interest in Cobega S.A, which indirectly owns 56.373% of Olive.
(C) Resigned from the Board on 26 May 2021. Share interests stated are as at the date of resignation.
(D) Jan Bennink acquired a further 5,940 shares on 2 March 2022.
(E) Thomas H. Johnson acquired 2,000 shares on 10 March 2022, and a further 2,000 shares on 11 March 2022.

Dilution levels

The terms of the Company's share plans set limits on the number of newly issued Shares that may be issued to satisfy awards. In accordance with guidance from the Investment Association, these limits restrict overall dilution under all plans to under 10% of the Company's issued share capital over a 10 year period in relation to the Company's issued share capital, with a further limitation of 5% in any 10 year period on discretionary plans.

Single figure table for NEDs (audited)

The following table sets out the total fees and taxable benefits received by the Chairman and NEDs for the year ended 31 December 2021. Prior year figures are also shown.

	2021 (£'000)				2020 (£'000)			
Individual	Base fee	Chairman/ Committee fees	Taxable benefits(A)	Total fees	Base fee	Chairman/ Committee fees	Taxable benefits(A)	Total fees
Sol Daurella	564	26	1	591	564	26	1	591
Manolo Arroyo(B)	49	15	0	64	–	–	–	–
Jan Bennink	82	46	4	132	82	46	2	130
John Bryant(C)	82	31	4	117	–	–	–	–
José Ignacio Comenge Sánchez-Real	82	16	4	102	82	16	1	99
Christine Cross	82	46	5	133	82	46	1	129
Irial Finan(D)	33	10	0	43	82	26	3	111
Nathalie Gaveau	82	10	1	93	82	10	1	93
Álvaro Gómez-Trénor Aguilar	82	–	4	86	82	–	2	84
Thomas H. Johnson	113	36	2	151	113	36	–	149
Dagmar Kollmann	82	31	4	117	82	31	1	114
Alfonso Líbano Daurella	82	21	0	103	82	21	–	103
Mark Price	82	21	2	105	82	21	2	105
Mario Rotllant Solá	82	16	4	102	82	16	1	99
Brian Smith(E)	82	10	2	94	39	5	–	44
Dessi Temperley(F)	82	16	4	102	49	9	–	58
Garry Watts	82	52	4	138	82	52	–	134

(A) Taxable benefits mainly relate to travel and accommodation costs in respect of attendance at Board meetings with fx rates used as at the date of the transaction.
(B) Appointed to the Board on 26 May 2021.
(C) Appointed to the Board on 1 January 2021.
(D) Resigned from the Board on 26 May 2021.
(E) Appointed to the Board on 9 July 2020.
(F) Appointed to the Board on 27 May 2020.

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Implementation of remuneration policy for 2022

Base salary
Damian Gammell will receive a 3.25% salary increase effective 1 April 2022. This is in line with the merit increase provided to the wider UK workforce of 3.25%.

Individual	2021 salary	2022 salary (effective from 1 April)	% increase
Damian Gammell	£1,178,787	£1,217,098	3.25%

Taxable benefits
No significant changes to the provision of benefits are proposed for 2022. The main benefits for Damian Gammell will continue to include allowances in respect of: a car, financial planning, schooling and private healthcare.

Pension
No changes are proposed in respect of the pension provision for Damian Gammell. He will continue to receive a cash allowance of £30,000 (inclusive of employer National Insurance contributions) in lieu of participation in the pension scheme.

Annual bonus
No changes have been made to the structure of the annual bonus plan for 2022 and the opportunity for Damian Gammell will remain unchanged at 150% of salary for target performance and 360% for maximum performance.

Performance will continue to be assessed against financial and individual performance measures on a multiplicative basis as set out on page 96. The financial measures and relative weightings will also remain unchanged.

Measure	Definition	Weighting
Operating profit	Comparable operating profit on a currency neutral basis	50%
Revenue	Revenue on a currency neutral basis	30%
Operating free cash flow	Comparable operating profit before depreciation and amortisation and adjusting for capital expenditures, restructuring cash expenditures and changes in operating working capital, on a currency neutral basis	20%

In determining the IPF for Damian Gammell for 2022 he will be assessed against a number of areas of focus which are aligned to the key longer-term strategic objectives of the business, which include: Platform for Growth; Future-ready Culture; Green and Stakeholder Focused Future; and API Integration:

Objectives include

– Development of new operating structure for CCEP
– Grow share in sparkling
– Leadership for achievement of our inclusion and diversity goals
– Health & Safety
– Progress on our plan for plastics
– Further development of API integration plans

The actual financial targets are not disclosed prospectively as they are deemed commercially sensitive. We intend to disclose them in next year's ARR. A description of individual performance including specific quantitative measures (where appropriate) will also be disclosed in next year's ARR.

Long-term incentive
Damian Gammell's long-term incentive opportunity for 2022 will be aligned with the limits set out in the remuneration policy. He was granted a target award of 250% of salary on 10 March 2022 and may receive up to two times this target award (163,776 shares) if the maximum performance targets are achieved.

The 2022 LTIP award will continue to be based on a mix of EPS, ROIC, and CO_2 reduction, unchanged from last year. Given the significant market of uncertainty caused by the current geopolitical situation, the committee determined that it would be appropriate to delay setting the targets for this award until later in the year. It is the current intention that the targets will be confirmed within the next six months and disclosed at that point (as well as in next year's renumeration report).

Following the end of the performance period, awards will be subject to an additional two year holding period.

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Chairman and NED fees

The NED base fee and Chairman fee were increased by 3.25% with effect from 1 April 2022, as outlined below, alongside increases to selected Committee Chairman and membership fees. Fees were last set on 1 April 2019.

Role		Current fees	Fees effective 1 April 2022
Chairman		£564,250	£582,000
NED basic fee		£82,000	£85,000
Additional fee for Senior Independent Director		£30,750	£31,750
Additional fee for Committee Chairman	Audit and Remuneration Committees	£36,000	£37,250
	Affiliated Transaction Committee	£36,000	£36,000
	CSR Committee	£20,500	£36,000
	Nomination Committee	£20,500	£21,250
Additional fee for Committee membership	Audit and Remuneration Committees	£15,500	£16,000
	Affiliated Transaction Committee	£15,500	£15,500
	CSR Committee	£10,250	£15,500
	Nomination and Committee	£10,250	£10,500

The Remuneration Committee

The entire Board determines the terms of the compensation of the CEO and fees for the NEDs and Chairman as well as approving the remuneration policy, all on the Committee's recommendation. The Committee is also responsible for setting the remuneration for each member of the ELT reporting to the CEO.

*The Terms of Reference can be found on our website at **www.cocacolaep.com/about-us/governance/committees***

Remuneration Committee members and attendance

In line with the Shareholders' Agreement, the Committee has five members, as set out on pages 67–71. They are three independent NEDs, one Director nominated by Olive Partners and one Director nominated by ER. The Committee formally met six times during the year, with one additional ad hoc meeting in line with business needs. Attendance is set out in the table on page 80 of the Corporate governance report.

As described in the remuneration policy, the Committee receives an annual report in respect of wider workforce remuneration including pay and reward policies, which informs its decisions on executive pay. The Committee does not engage directly with employees on the issue of executive pay, however, within CCEP, employee groups are regularly consulted about matters affecting employees including our strategy, Company performance, culture and approach to reward, and this feedback informs decisions on people matters and other activities.

Support for the Remuneration Committee

Deloitte was appointed by the Remuneration Committee in 2016 following a selection process. During the year, Deloitte provided the Committee with external advice on executive remuneration. Deloitte is a member of the Remuneration Consultants Group and has voluntarily signed up to the Remuneration Consultants' Code of Conduct relating to executive remuneration consulting in the UK. The Committee is satisfied that the engagement partner and team that provide advice to the Committee do not have connections with CCEP or individual Directors that may impair their independence. During 2021, the wider Deloitte firm also provided CCEP with unrelated tax (including employment tax), digital transformation, access security and consultancy services.

Total fees received by Deloitte in relation to the remuneration advice provided to the Committee during the year amounted to £74,150 based on the required time commitment.

Remuneration Committee key activities

The table below gives an overview of the key agenda items discussed at each meeting of the Committee during 2021:

Meeting date	Key agenda items	
February 2021	– Approval of 2020 annual bonus outcome for the ELT	– Approval of final vesting outcome for 2018 LTIP
March 2021	– Approval of ELT 2021 annual bonus targets, individual objectives and opportunities – Approval of ELT 2021 LTIP opportunities	– Approval of ELT pension arrangements – Review of 2020 Remuneration Report – Annual base salary review for the ELT
May 2021	– Approved principles for 2021 LTIP awards – Review of market remuneration trends – Advisor review	– AGM voting update – Review of remuneration arrangements in respect of the CCL acquisition
July 2021	– Wider workforce review – Review of executive shareholding guidelines – Review of Committee performance evaluation	– Approval of adjustments to 2021 annual bonus targets in respect of CCL acquisition
September 2021	– Approved ELT 2021 LTIP awards and targets	– Approved changes to 2020 LTIP targets in respect of CCL acquisition and COVID-19
October 2021	– Performance update for 2021 annual bonus – Review of ESG remit of the Committee	– Review of outstanding LTIP awards – Approach to shareholder consultation
December 2021	– Review of first draft of the 2021 Remuneration Report – Performance update for 2021 annual bonus	– Base pay design for 2022 – Incentive design for 2022

The Chairman, CEO, CFO, and the Chief People and Culture Officer attended meetings by invitation of the Committee to provide it with additional context or information, except where their own remuneration was discussed.

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Summary of voting outcomes

The table below shows how shareholders voted in respect of the ARR at the AGM held on 26 May 2021 and the remuneration policy at the AGM held on 27 May 2020:

Resolution	Votes For (%)	Votes Against (%)	Number of votes Withheld
Approval of the ARR	84.96%	15.04%	1,197,127
Approval of the remuneration policy	99.48%	0.52%	56,633

This Directors' Remuneration Report is approved by the Board and signed on its behalf by

Christine Cross, Chairman of the Remuneration Committee
15 March 2022